

**February 26, 2007**

**City of Milton-Freewater  
City Council Minutes**

The Council of the City of Milton-Freewater met in regular session Monday, February 26, 2007 at 7:00 p.m. in the Albee Room of the Library.

The following members were present: Mayor Lewis Key, Councilors Orrin Lyon, Keith Woods, Debbie Kelley and Steve Irving. Councilor Ed Chesnut was out-of-town and Councilor Brad Humbert was ill.

Staff members present were City Manager Delphine Palmer, Assistant City Manager Linda Hall, Public Works Superintendent Dave Bradshaw, Finance Director Dave Richmond, Electric Assistant Leanne Steadman, Administrative Assistant Teresa Dutcher and Acting Police Chief Darren Richman.

Citizens present were Brian Steadman, Umatilla County Commissioner Larry Givens, George Gillette and Paul Seaquist.

Press member present was Melanie Hall of the Valley Herald.

PRESENTATION TO COUNCIL – ANNUAL FINANCIAL AUDIT. Finance Director Dave Richmond introduced Rob Tremper, partner with Dickey & Tremper, LLP, saying LeMaster & Daniels auditors with fiscal experience relocated to Portland, Oregon. After going out with an RFP (Request For Proposal) last year, Mr. Richmond stated he was pleased to work with the accounting firm of Dickey & Tremper, LLP. They audit the cities of Ontario, Pendleton, The Dalles, Madras and also have URA (Urban Renewal Agency) experience. The firm has completed the City's audit and CAFR (Comprehensive Annual Financial Report). This accounting firm includes a report to the Council.

Mr. Tremper then reported that although there were a number of journal entries required during the audit process, most of the entries were related to accrual adjustments. Mr. Tremper then gave a brief overview of how the financial statements are organized. Mr. Tremper stated he was happy to note that the accounting firm issued a clean audit report for the City.

PRESENTATION TO COUNCIL – LEVEE ALONG WALLA WALLA RIVER EAST OF THE CITY OF MILTON-FREEWATER/SPILL BASIN. George Gillette, Chairman of the Milton-Freewater Flood Control District, stated he had made a copy of pertinent information, and said he knew the Army Corp of Engineers had already sent the City a compliance letter. Mr. Gillette then gave a brief historical overview of the levee system saying that as early as 1946 the Army Corp of Engineers, through federal legislation, began procuring easements of private property located along the Walla Walla River to build the levee system which runs between seven and eight miles from the south side of Joe West Bridge north to the Tum-A-Lum Bridge. The project began in 1949 and finished in approximately 1950-51. It was sponsored by the Army Corp of Engineers, the Cities of Freewater and Milton, and also Umatilla County. Maintenance became the responsibility of all three entities, the cities of Freewater and Milton, and Umatilla County through their board of directors. In the early 1960s, with ORS statutes changing methods for special Districts, a special District was formed to oversee the maintenance of the levee. At that

time the three entities gave up their right to maintain and carrying on with the levee system. This responsibility was then turned over to the special District, the Milton-Freewater Water Control District. The name should be changed to Milton-Freewater Flood Control District. Basically the District is tasked by ORS for two main things. One, the protection of life and property within a 100-year flood basin, which is the reason the levee is there, and two, for fish enhancement, passage and habitat. The District's limited budget has undergone additional limitations over the last ten to fifteen years as the state of Oregon, through initiatives, has limited funding. The annual maintenance budget is around \$22,000 based on how the revenues come in through Umatilla County's taxation system. The District has a value of about \$258 million dollars throughout the entire District. At the time the levee was built there was a chance to determine how to maintain the levee. A choice had to be made between maintenance through a tax bond, or an assessment type revenue source. It was thought that perhaps the District could change the method and go to an assessment type revenue source, but it was later found that the District was bound by the decision made in the 1950s, which is the tax bond. About ten years ago the District had approximately \$90,000 to \$100,000 in a state pool which could be set aside in the event there were any issues with the levee. But at that time, the Army Corp of Engineers asked why the District had those kinds of revenues in reserve. The funds existed in the event of a flood fight. If there were a flood fight and the District had \$100,000 available funds, the District would have to fight the flood with only \$100,000 and then once the District's funds become exhausted, the Army Corp of Engineers would pick up the fight and repair any damage due to the flood fight. Mr. Gillette stated the Army Corp of Engineers is a reactive organization, not proactive. The District acts under the Army Corp of Engineers' help. If there is a problem, the District works with the Corp. The District has an operation manual that was developed in the early 1950s when the project was finished. There have been very few changes in the policy since the early 1950s, but the players in the river have changed drastically during this time. Endangered Species Act has been activated in the Walla Walla River due to Bull Trout, Steelhead and the Bald Eagle. Agencies involved are the Oregon and U.S. Fish and Wildlife, CTUIR (Confederated Tribes of the Umatilla Indian Reservation), irrigators and the Water Control District. In the year 2000, the District became a co-sponsor of the 1135 Project with the Army Corp of Engineers which is the new fish ladder. This began as a \$1.4 million project and is still ongoing reaching a current cost of over \$6 million, and the fish ladder is still not working properly. At some point in time, that project will be turned over to the District to maintain. Currently Hudson Bay Ditch Company is maintaining the fish ladder with grant funds of approximately \$70,000 from the Bonneville Power Administration. If the District becomes responsible for maintenance on the fish ladder, and continues to cost the approximate \$70,000, there is an immediate funding problem.

The current issue goes back as early as 1997, but the results of what the District felt was some high-water issues during the initial construction of the fish ladder where there was a high-water event in the middle of the pours. It had gone from a dry stream bed July 1 to Oct 31 in the year that the project began. Then the irrigators worked with the Fish & Wildlife departments and currently there is water in the river twelve months out of the year. This did not happen before. While constructing the fish ladder during the initial three pours, there was a high-water event that washed out the pours, washed out a large compressor in the middle of the river and then was pushed over to the right side by the bank beginning to down-cut an area about 700 feet below the fish ladder. Since then it has

been down-cut about three and one-half feet. Last year it was only down-cut about three inches. Mother Nature has been kind in that she has not given the area a lot of water during the spring runoff. Along with the construction of the fish ladder, there were also a drop structure and a spilling basin. Those two entities are in the river to slow down velocity of water coming downstream as there is a significant elevation drop coming from above the south end where the railroad bridge and the county bridge goes across eastside to down below where the fish ladder is. Those structures were installed during high-water to slow water down so the levee system would actually work. The problems, besides the down-cutting below the fish ladder on the right bank, are holes that have developed in the spilling basin. During high water flows, large rocks and other materials drop over the drop structure into the spilling basin that is a two and one-half foot concrete slab with reinforced rebar. This has now eroded away in four places. The face of the drop structure has eroded away anywhere from six to eighteen inches over the sixty years the structure has been in the river. There is now an eminent possibility of failure to the structure. With the holes and high water, this churns and then removes material from underneath the slab. When this happens, the slab will be compromised which may cause the slab to implode. Behind the slab, water will enter the drop structure and even though it is an extremely monolithic structure, the force could blow it out. The catastrophic events of those two things failing would reach not only downstream where the toe has been down-cut and would probably breach the levee at that point, but would also scour back upstream and affect the county bridge and the railroad bridge, and probably several hundred yards back upstream which could compromise the toe of the levee upstream causing a major failure.

This levee structure is one of fifteen in the state of Oregon that has lost its certification through FEMA (Federal Emergency Management Agency). This information was handed down to the Army Corp of Engineers and then to the District. The Army Corp of Engineers said the three areas that need to be repaired is the toe below the fish ladder, the drop structure and the spilling basin at the fish ladder, and recently this last fall, another downcutting has shown up below the former Marie Dorian park area where a dam used to be located where Couse Creek enters the Walla Walla River—that water has shot across and is currently downcutting on the right bank of the east side of the Walla Walla River. These three areas must be repaired to bring the District back into compliance. Mr. Gillette stated that in the packet he copied for members of the council there was an estimate for this project at just over \$1 million. Umatilla County Commissioner Larry Givens has been helpful. District members through their attorney have contacted all of their state and federal people. They have spoken with both state and county emergency management and are in the process with Umatilla County Emergency Management to develop an emergency system in the event there is a catastrophic failure. It is hoped that when Commissioner Larry Givens goes back to Washington D.C. at the end of March, he will be able to secure some funding from the congressional hearing. The federal government moves slow. The Army Corp of Engineers, the federal agency that oversees the District and informed the District they were out of compliance, also told the District they were unable to help. Congress has to be asked for funds, once the money has been appropriated, then congress has to be asked to spend the appropriated funds, so it is a long, drawn-out process. If we were looking for help, and if they were able to give us help, the District is still several years away from actually receiving any funds through this process. Many avenues have been explored and Commissioner Larry Givens has been instrumental in contacting people that may be able to think outside the box on this issue.

The District has been given a three-month reprieve on their compliance after receiving a letter dated February 1, 2007. The District has three months to develop a plan that will bring the District back into compliance and submit it to the Army Corp of Engineers. Anderson Perry Engineers from LaGrande, Oregon, has been helping the District and are in the process of developing the plan. Umatilla County Emergency Management has been developing a plan in the event of a catastrophic event as well as the economic plan. Mr. Gillette stated he was not asking for money from the Council stating he knew what the City's finances look like, and also knows what the District's finances look like. What the District is asking for is Council's moral and political support to help bring the District back into compliance. The only real approach to this for a short-term solution is to go out for a bond. Mr. Gillette stated he paid about \$4.45 annually to the District for flood protection on his home valued at around \$140,000. The economic impact of losing the levee and the compliance issue is huge. FEMA will review the non-compliance issue and adjust all the insurance rates for flood protection for all homes and business within the District. Many property owners will not be able to afford this adjustment, and people buying and selling property will come to a halt because lending institutions will not loan money for properties that cannot be protected.

Currently the District has a temporary plan. It's a band-aid approach, but will be placing 24" to 48" diameter size rip-rap into the spilling basin hoping that when the spring runoff comes, that will keep the materials underneath that structure from churning out and compromising the structure. Then the District will have a year to permanently fix the spilling basin.

It is planned to place this bond measure on the earliest ballot, probably in May of this year. It is a double majority, which means that 50% of the District would have to vote and then also vote over 50% to pass. The cost to go out for a bond at \$1.5 million dollars will cost about \$0.30 per \$1,000 property value over a twenty-year period of time. On a ten-year payback, the cost would be about \$0.60 per \$1,000 property value. Property valued at \$100,000 would cost the owner about \$30 annually. This is probably the best way to obtain these funds and would engage the people that benefit most from having this work done, and that is the District's hope.

City Manager Delphine Palmer, after speaking with Assistant City Manager Linda Hall, stated that if the District does not have available staff, Ms. Hall would be willing to help write the bond issue. Mr. Gillette said that would be helpful, that they may get help from Special Districts but did not know how much help that would be. Mr. Gillette expressed his appreciation.

CONSENT CALENDAR ITEMS: The consent calendar items consisted of minutes from the February 12, 2007 city council meeting. City Manager Delphine Palmer asked for an amendment on page 4 of the minutes. Councilor Lyon motioned to adopt the minutes as amended. Councilor Woods seconded the motion which passed unanimously.

## **NEW BUSINESS**

APPOINTMENT OF RECREATION COMMITTEE MEMBER. Mayor Key stated Rick Rambo had served on the recreation committee and did not reapply because he thought

there were others that would apply. That did not happen, so Mr. Rambo reapplied. Mayor Key said he would like to appoint Rick Rambo to the Recreation Committee.

Councilor Kelley motioned to appoint Rick Rambo to the Recreation Committee. Councilor Woods seconded the motion which passed unanimously.

RESOLUTION NO. 2038 AMENDING UTILITY DEPOSIT POLICY. Assistant City Manager Linda Hall stated this was actually the work of Finance Director Dave Richmond, and it seems that no matter how well staff writes policies, there is always a loop hole. The loop hole in this policy has caused some “Maalox® moments” in the finance department and it concerns the amount of money collected for utility deposits. Staff would like to close the loop hole by adding the word “occupied” twelve months for the history of a residence where a deposit needs to be collected to cover future shortages.

Councilor Kelley moved to adopt Resolution No. 2038 Amending utility deposit policies and repealing Resolution No. 1887. Councilor Woods seconded the motion which passed unanimously.

**Mayor Key then announced this was the opportunity for citizens to approach the council with issues not on this agenda.**

Umatilla County Commissioner Larry Givens addressed the Council stating he was in support of the information Mr. Gillette presented, and continued saying he was trying to organize a tour of the levee system on March 6<sup>th</sup>. All of the stakeholders will be there. Representatives from the Army Corp of Engineers, CTUIR members and any councilors that would like to attend. All interested will be meeting at 1:00 p.m. at the golf course. Representatives from Senators Smith and Wyden will be in attendance also. Commissioner Givens stated he had visited with State Senator David Nelson and he is searching for funds for the levee fix. Representatives Greg Smith and Bob Jensen are also looking for any funds that may be available. Connect Oregon may have some dollars available through their grants. Legislation is thinking of placing \$100 million into the Connect Oregon program and the District may then qualify for some of these dollars.

#### **MANAGER’S REPORT**

City Manager Delphine Palmer stated this report would be brief, but is working on budgets almost full-time and negotiations between two bargaining units.

#### **COUNCIL ANNOUNCEMENTS**

Councilor Woods stated he had not attended the Government 101 offered by the League of Oregon Cities for newly elected officials and asked if the Council would approve his attendance to the one offered in Pendleton. There were no objections.

There being no further business, the meeting was adjourned at 7:59 p.m.

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Lewis S. Key, Mayor